

Exhibit 1

VITA

NAME: Christopher M. James

CURRENT POSITION: William H. Dial/SunBank Eminent Scholar in Finance and Economics, University of Florida

ADDRESS: Department of Finance, Insurance, and Real Estate, Graduate School of Business, University of Florida, PO Box 117168, Gainesville, FL 32611-7168
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BIRTHDATE: October 12, 1951

EDUCATION: B.A. Michigan State University, 1973
M.B.A. University of Michigan (Finance), 1977
Ph.D. University of Michigan (Economics: Industrial Organization, Finance), 1978

RESEARCH/TEACHING INTERESTS: Corporate Strategy, Corporate Finance and Financial Institutions

TEACHING/RESEARCH EXPERIENCE: William H. Dial/SunBank Eminent Scholar in Finance and Economics, University of Florida, 1989-present

Visiting Professor, University of New South Wales, 1995

U.S. Bank/ John B. Rogers Professor of Finance, University of Oregon, 1984-1989

Visiting Scholar, Federal Reserve Bank of San Francisco, 1987-1988

Visiting Professor of Finance, University of Michigan, 1986

Associate Professor of Finance, University of Oregon, 1982-1984

Assistant Professor of Finance, University of Oregon, 1978-80

Instructor, University of Michigan, 1978

Consultant, FDIC, 1988-1991

Senior Economic Advisor, Comptroller of the Currency, Department of Treasury, 1980-1982

**PAPERS AND
PUBLICATIONS:**

“The Technology of Risk and Return, Comment,” American Economic Review, June, 1981.

“Self-Selection and the Pricing of Bank Services, An Analysis of the Market for Bank Loan Commitments and the Role of Compensating Balance Requirements,” Journal of Financial and Quantitative Analysis, December, 1981.

“An Analysis of Bank Loan Rate Indexation,” Journal of Finance, June, 1982.

“An Analysis of the Impact of Deposit Rate Ceilings on the Market Values of Thrift Institutions,” (with L.Y. Dann), Journal of Finance, December, 1982.

“Pricing Alternatives for Loan Commitments: A Note,” Journal of Bank Research, Winter, 1983.

“An Analysis of Intra-Industry Differences in the Effect of Regulation: The Case of Deposit Rate Ceilings,” Journal of Monetary Economics, August, 1983.

“Is Illiquidity a Bar to Buying Small Cap Stocks?” (with R.O. Edmister), Journal of Portfolio Management, Summer, 1983.

“The Relation Between Common Stocks Returns, Trading Activity and Market Value,” (with R.O. Edmister), Journal of Finance, September, 1983.

“Regulation and the Determination of Bank Capital Changes: A Note,” (with J.K. Dietrich), Journal of Finance, December, 1983.

“An Analysis of the Effect of State Acquisition Laws on Managerial Efficiency: The Case of Bank Holding Company Acquisitions,” Journal of Law and Economics, April 1984, Abstracted in Regulation as “Do Corporate Takeovers Keep Managements Lean?” May/June, 1984.

“The Effect of Interest Rate Changes on the Common Stock Returns of Financial Institutions,” (with M.J. Flannery), Journal of Finance, September, 1984.

“Market Evidence on the Effective Maturity of Bank Assets and Liabilities,” (with M.J. Flannery), Journal of Money, Credit and Banking, November, 1984, Presented at the American Finance Association meetings in San Francisco, December, 1983.

“The Effects of Government Regulatory Agencies on Organizations in High Technology and Woods Products Industries,” (with G. Ungson and B. Spicer), Academy of Management Journal, 1985.

“A VARMA Analysis of the Causal Relations Among Stock Returns, Real Output and Nominal Interest Rates,” (with S. Koreisha and M. Partch), Journal of Finance, December, 1985.

“Access to Deposit Insurance, Insolvency Rules and the Stock Returns of Financial Institutions,” (with J. Brickley), Journal of Financial Economics, July, 1986.

“The Takeover Market, Corporate Board Composition, and Ownership Structure: The Case of Banking,” (with J. Brickley), Journal of Law and Economics, April, 1987.

“Returns to Acquirers and Competition in the Acquisition Market: The Case of Banking,” (with P. Wier), Journal of Political Economy, April, 1987.

“An Analysis of FDIC Failed Bank Auctions,” (with P. Wier), Journal of Monetary Economics, July, 1987.

“Some Evidence on the Uniqueness of Bank Loans,” Journal of Financial Economics, December, 1987.

“The Use of Loan Sales and Standby Letters of Credits by Commercial Banks,” Journal of Monetary Economics, November, 1988.

“Empirical Evidence on Implicit Guarantees of Bank Foreign Loan Exposure,” Carnegie Rochester Conference Series on Public Policy, April, 1989.

“Heterogeneous Creditors and the Market Value of Bank LDC Loan Portfolios,” Journal of Monetary Economics, December, 1990.

“Borrowing Relationships, Intermediation and the Cost of Issuing Public Securities,” (with P. Wier), Journal of Financial Economics, November, 1990.

“The Losses Realized in Bank Failures,” Journal of Finance, September, 1991.

“Relationship-Specific Assets and the Pricing of Underwriter Services,” Journal of Finance, December, 1992.

“Management and Organizational Changes in Banking: A Comparison of Regulatory Intervention with Private Creditor Actions in Nonbank Firms,” (with J. Houston), Carnegie Rochester Conference Series on Public Policy, 1993.

“The Information Content of Distressed Restructurings Involving Public and Private Debt Claims,” (with D. Brown and B. Mooradian), Journal of Financial Economics, February, 1993.

“Asset Sales by Financially Distress Firms,” (with D. Brown and R.M. Mooradian), Journal of Corporate Finance, April, 1994.

“When Do Banks Take Equity in Debt Restructurings?” Review of Financial Studies, Winter, 1995.

“CEO Compensation and Bank Risk: Is Compensation Structured in Banking Structured to Promote Risk-Taking?” (with J. Houston), Journal of Monetary Economics, November, 1995.

“Bank Debt Restructurings and the Composition of Exchange Offers in Financial Distress,” Journal of Finance, June, 1996.

“Bank Information Monopolies and the Mix of Private and Public Debt Claims,” (with J. Houston), Journal of Finance, December, 1996.

“Capital Market Frictions and the Role of Internal Capital Markets in Banking,” (with J. Houston and D. Marcus), Journal of Financial Economics, November, 1997.

“Do Bank Internal Capital Markets Promote Lending?” (with J. Houston), Journal of Banking and Finance, November, 1998.

“Where Do Merger Gains Come From? Bank Mergers from the Perspective of Insiders and Outsiders,” (with J. Houston and M. Ryngaert), Journal of Financial Economics, May, 2001.

“Do Relationships Have Limits? Banking Relationships, Financial Constraints and Investment,” (with J. Houston), Journal of Business, July, 2001.

“Do Banks Provide Financial Slack?” (with C. Hadlock), Journal of Finance, June, 2002.

“What a Difference a Month Makes: Stock Analyst Valuations Following Initial Public Offerings,” (with J. Karceski and J. Houston), Journal of Financial and Quantitative Analysis, March 2006, Presented at Hong Kong Corporate Finance Conference, December, 2003.

“The Strength of Analyst Coverage Following IPO’s,” (with J. Karceski), forthcoming, Journal of Financial Economics, 2006.

“Differences in the Performance of Retail and Institutional Mutual Funds,” (with J. Karceski), forthcoming, Journal of Banking and Finance, 2006, Presented at 2001 American Finance Association Meetings.

**CURRENT
RESEARCH:**

“When Bankers Have a Voice: An Analysis of Performance Following Loan Covenant Violations,” work in progress.

“Banks and Bubbles: How Good are Bankers at Spotting Winners?” (with L. Gonzalez), work in progress.

“The Effects of Leverage on Operating Performance: An Analysis of Firms’ Responses to Poor Performance,” (with M. Ryngaert and D. Brown), working paper.

**OTHER PAPERS AND
PUBLICATIONS:**

“Are Banks Still Special? New Evidence in the Corporate Capital-Raising Process,” (with D. Smith), Journal of Applied Corporate Finance, Winter, 2000.

“Why Are Value Enhancing Mergers In Banking So Hard to Find? A Discussion of ‘Is the Bank Merger Wave of the 90's Efficient? Lessons from Nine Case Studies,’” Kaplan, Steven (ed.), Mergers and Productivity, University of Chicago Press, Chicago, IL, 1999.

“Comment on Esty, Narasimhan, and Tufano,” Journal of Banking and Finance, 23, 1999, 286-290.

“Using Internal Capital Markets to Lower Capital Costs in Banking,” (with J Houston), Journal of Applied Corporate Finance, Summer, 1998.

Discussion of “Financial Institutions and Regulations: The Dilemma in a Deregulated World,” Proceedings from Riksbank Conference: Forces for and Implications of Structural Changes in the Financial Sector, June, 1997.

“Evolution of Extinction: Where are Banks Headed,” (with J. Houston), Journal of Applied Corporate Finance, Summer, 1996.

“RAROC at Bank of America: From Theory to Practice, Journal of Applied Corporate Finance, Summer, 1996.

“Bank Equity Positions in Distressed Firms,” Saunders, Anthony and Ingo Walter (ed.), Universal Banking: Financial System Design Reconsidered, (Irwin), 1996.

“The Use of Index Amortizing Swaps by Banc One,” (with C. Smith), Journal of Applied Corporate Finance, Fall, 1994.

“Private Versus Public Creditor Experience in Distressed Firm Debt Restructurings,” (with D. Brown and M. Mooradian), Altman, Edward (ed.), Bankruptcy and Distressed Restructurings: Analytical Issues and Investment Opportunities, (Business One Irwin), 1994.

“Banc One’s Index Amortizing Swap Strategy,” (with C. Smith), Journal of Applied Corporate Finance, 1994.

“Studies in Financial Institution,” (with C. Smith), Commercial Banks, 1994.

Statement of Christopher James, Professor, College of Business, The University of Florida at Gainesville at Hearing before the Senate Committee on Banking, Housing and Urban Affairs – 102nd Congress, 4/26/91 (BIF Recapitalization).

“Off-Balance Sheet Activities and the Under Investment Problem in Banking,” Journal of Accounting, Auditing, and Finance, Spring, 1989.

“The Incidence of Mispriced Deposit Insurance,” Presented at 1989 American Economic Association Meetings.

“Are Bank Loans Different? Some Evidence From the Stock Market,” (with P. Wier), Journal of Applied Corporate Finance, Summer, 1988.

“Acquisitions in Banking,” Weekly Letter, Federal Reserve Bank of San Francisco.

“Off-Balance Sheet Banking,” Weekly Letter, Federal Reserve Bank of San Francisco.

“Are Bank Loans Special?” Weekly Letter, Federal Reserve Bank of San Francisco.

“Off-Balance Sheet Banking,” Economic Review, Federal Reserve Bank of San Francisco, Fall, 1987.

Discussion of “The Search for Financial Stability: The Past Fifty Years,” Proceedings from the Federal Reserve Bank of San Francisco Conference on the Search for Financial Stability, June, 1985.

“An Analysis of FDIC Failed Bank Auction Procedures,” (with P. Wier), Proceedings of a Conference on Bank Structure and Competition, May, 1985.

“Bank Holding Company Acquisitions and Managerial Efficiency,” Proceedings of a Conference on Bank Structure and Competition, May, 1984.

“Market Based Measures of Risk for Banks and Savings and Loan Associations,” Report prepared for the Federal Home Loan Bank Board, May, 1987.

“An Economic Analysis of Interindustry Acquisitions of Thrift Institutions,” Report prepared for the Office of the Comptroller of the Currency, February, 1982.

“Loan Rate Indexation and the Allocation of Bank Credit,” Proceedings of a Conference on Bank Structure and Competition, May, 1980.

**SERVICE
ACTIVITIES:**

Associate Editor: Journal of Banking and Finance, 1999-2001.

Associate Editor: Journal of Financial Economics, 1993-present.

Associate Editor: Journal of Financial Services Research, 1989-present.

Associate Editor: Journal of Managerial and Decision Economics, 1988-present.

Associate Editor: Journal of Finance, 1988-2000.

Co-Editor: Journal of Financial Intermediation, 1988-1999.

Associate Editor: Journal of Financial and Quantitative Analysis, 1982-1984.

Academic Board: Turnaround Management Association, 1990-2002.

Editorial Board: Federal Reserve Bank of New York: Economic Review, 1997-present.

Reviewer: Journal of Finance; Journal of Money, Credit and Banking; Journal of Financial Economics; Journal of Financial Management; Journal of Banking and Finance; Journal of Business and Economics; Journal of Monetary Economics; American Economic Review; Journal of Political Economy; Review of Financial Studies; Journal of Corporate Finance; Journal of Law and Economics; Journal of Accounting and Economics.

Program Committee: Financial Management Association, Western Finance Association, American Finance Association, and European Finance Association.

**CONSULTING/EXECUTIVE
EDUCATION ACTIVITIES:**

Board of Directors/Chairman, ID², Inc.

Advisory Board, SunTrust Bank.

Consultant, Federal Reserve Bank of New York, 1997, 2004.

Consultant, Federal Reserve Board of Governors, 1995, 1998.

Research Director, Garn Institute of Finance, Salt Lake City, Utah, 1987-1989.

Board of Directors, SunTrust Banks, 1989-2001.

Instructor, Pacific Coast Banking School: Commercial Lending, Financial Markets, Workout Lending.

Instructor, Bank Board of Directors School: Workout Lending.

Instructor, Swiss National Bank, Gerzensee, Switzerland, Bank Safety and Soundness Regulation.

Executive Seminars on bank deregulation, valuation, venture capital, strategic management, lender liability, and asset and liability management.

Expert Witness: Cases involving antitrust, portfolio management, securities valuation, bank management, valuation, and regulatory matters.

Consultant: Product pricing, valuation, portfolio management, utilities regulation, valuation of securities, mergers and acquisitions, and risk management.

Consultant to the Office of the Comptroller of the Currency, 1982-1983: Bank and Thrift Mergers.

Consultant to the Investment Company Institute, 1983: Bank Offerings of Mutual Funds.

Consultant to the FDIC, Costs of Resolving Bank and Thrift Failures.

Recipient of a grant from MidAmerica Institute to study management compensation in banking, 1992.

Recipient of grant from Federal Home Loan Bank Board to study the information content of savings and loan accounting information.

Member: Research Committee: Garn Institute of Finance, 1989-1992.

Research Associate at the Business Regulation Study Center, 1980.

AWARDS:

Valedictorian, Michigan State University, 1973.

Harry R. Jacobs, Professional Service Award, University of Oregon, 1985.

Outstanding Teaching Award: MBA Association, University of Oregon, 1985.

Outstanding Teaching Award: MBA Association, University of Florida, 1994, 1996, 1998, 1999, 2000.

Exhibit 2

**Documents and Data Sources Considered
by Christopher M. James**

1. In the matter of Anne Brumbaugh, et al., v. Wave Systems Corporation, et al. the following pleadings:
 - a. Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws (October 22, 2004).
 - b. Memorandum of Law in Support of Defendants' Motion to Dismiss the Consolidated Amended Class Action Complaint (December 14, 2004).
 - c. Plaintiffs' Memorandum of Law in Opposition to Defendants' Motion to Dismiss the First Amended Complaint (March 4, 2005).
 - d. Defendants' Reply Memorandum of Law in Support of Their Motion to Dismiss the Consolidated Amended Class Action Complaint (March 22, 2005).
 - e. Memorandum and Order Regarding Defendants' Motion to Dismiss (January 11, 2006).
 - f. Plaintiffs' Memorandum of Law in Support of Motion for Class Certification (March 31, 2006).
2. Wave Systems Corporation Form 10-K filed as of 3/16/06.
3. Public press for Wave Systems Corporation from Bloomberg, Factiva, and Lexis-Nexis between July 31, 2003 and March 31, 2004.
4. Daily stock price and volume data, July 1, 2002 – March 31, 2004, from Center for Research in Security Prices (CRSP) for Wave Systems Corporation and the Nasdaq Composite Index.
5. Nasdaq Equity Trade Journal data received from the NASD for the period July 1, 2003 through August 31, 2003.
6. Academic studies, articles and transcripts cited in the body of my report are included by reference and not restated herein.

Wave Systems

Market Model Regression Results

8/15/03

Source: CRSP

Regression Statistics		Control Period: 7/31/02 – 7/30/03				
Multiple R	0.138184346					
R Square	0.019094913					
Adjusted R Square	0.015171293					
Standard Error	0.057058818					
Observations	252					
ANOVA						
	df	SS	MS	F	Significance F	
Regression	1	0.015844417	0.015844417	4.86665676	0.028290458	
Residual	250	0.813927164	0.003255709			
Total	251	0.829771581				
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-0.000973541	0.003601361	-0.270325905	0.787132566	-0.008066412	0.00611933
NASDAQ Composite	0.42489851	0.192606016	2.206050036	0.028290458	0.045561512	0.804235507

Date	Price	Return	Residuals	t-stat	Significance
8/15/03	\$3.20	-5.60%	-5.55%	-0.9721	Insignificant at 95% confidence interval

Wave Systems
Reported Volume and Short Interest
7/16/03 – 8/15/03

Source: Nasdaq ETJ Data; Bloomberg
(Shares in millions)

Reported ETJ Trading Volume	167.3
Reported Short Sales	60.2
Reported Short Sales as a % of Trading Volume	36.0%
Short Interest as of 7/15/03	3.1
Short Interest as of 8/15/03	5.0
Change in Short Interest from 7/15/03 to 8/15/03	1.9

Source: CRSP; Nasdaq ETJ Data; Bloomberg
(Shares in millions)

Date	Total Reported ETJ Volume	Market Maker		"Investor"		Sell Volume as a % of Total Reported ETJ Volume	Buy Volume as a % of Total Reported ETJ Volume
		Sells	Buys	Reported Short Sells	Interpolated Buy Covers		
7/31/03	11.3	6.0	5.9	0.6	0.6	58.0%	56.9%
8/1/03	38.8	21.3	20.2	1.2	1.2	58.1%	55.0%
8/4/03	29.9	16.7	15.5	1.4	1.3	60.3%	56.1%
8/5/03	25.5	13.8	13.7	1.1	1.0	58.1%	57.6%
8/6/03	22.2	11.6	13.0	0.6	0.5	54.8%	60.8%
8/7/03	13.6	7.4	7.2	0.7	0.7	60.1%	58.1%
8/8/03	5.6	3.2	3.0	0.3	0.3	61.1%	58.0%
8/11/03	4.0	2.3	2.5	0.1	0.1	60.0%	63.1%
8/12/03	5.5	3.6	2.8	0.1	0.1	67.2%	52.9%
8/13/03	3.1	2.0	2.0	0.1	0.1	68.6%	67.2%
8/14/03	4.7	2.8	2.7	0.1	0.1	62.4%	60.2%
8/15/03	2.0	1.2	1.1	0.0	0.0	58.1%	55.6%
						Average	Average
						59%	57%

Wave Systems

Examples of Potential Understatement of "Investor" Short Selling in ETJ Data

Source: Nasdaq ETJ Data

		Reporting Side						Contra Reporting Side				
Date	Report Time	MPID	Report MPID	Capacity	Short Sell	Buy/Sell	Reported Volume	Reported Price	Contra MPID	Contra Report MPID	Contra Capacity	Contra Short Sell
7/31/03	11:15:46	*NITE	NITE	P		B	100	\$1.62	SSIC	SSIC	A	
7/31/03	11:15:46	*NITE	NITE	P	S	S	100	\$1.63	RAGN	RAGN	A	
7/31/03	14:48:48	*NITE	NITE	P		B	500	\$1.78	ARRB	ARRB	A	
7/31/03	14:48:48	*NITE	NITE	P	S	S	500	\$1.80	WATH	WATH	A	

Wave Systems

Market Maker Trading and "Investor" Short Activity

Upper Bound Estimate

Source: CRSP; Nasdaq ETJ Data; Bloomberg
(Shares in millions)

Date	Total Reported ETJ Volume	Market Maker		"Investor"		Sell Volume as a % of Total Reported ETJ Volume	Buy Volume as a % of Total Reported ETJ Volume
		Sells	Buy	Short Sells Including Potentially Misidentified Sells	Interpolated Buy Covers		
7/31/03	11.3	6.0	5.9	3.5	3.4	84.4%	82.5%
8/1/03	38.8	21.3	20.2	10.9	10.5	82.9%	79.0%
8/4/03	29.9	16.7	15.5	10.1	9.8	89.5%	84.6%
8/5/03	25.5	13.8	13.7	7.4	7.2	82.9%	81.7%
8/6/03	22.2	11.6	13.0	4.0	3.8	70.4%	75.7%
8/7/03	13.6	7.4	7.2	4.1	3.9	84.8%	82.1%
8/8/03	5.6	3.2	3.0	1.6	1.5	84.3%	80.6%
8/11/03	4.0	2.3	2.5	0.7	0.7	74.5%	77.1%
8/12/03	5.5	3.6	2.8	0.9	0.9	82.0%	67.3%
8/13/03	3.1	2.0	2.0	0.7	0.6	86.8%	84.6%
8/14/03	4.7	2.8	2.7	1.2	1.1	84.0%	81.0%
8/15/03	2.0	1.2	1.1	0.5	0.4	79.6%	76.5%
						Average	Average
						83%	80%